RD AN No <u>4138</u>. (1980-D)
February 1, 2006

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Rural Housing Specialists,
Rural Development Managers, and
Community Development Managers

FROM: Russell T. Davis   *(Signed by Russell T. Davis)*
Administrator
Housing & Community Facilities Programs

SUBJECT: Guaranteed Rural Housing Program
Loss Claim and Future Recovery Processing

<u>PURPOSE/INTENDED OUTCOME</u>:

The purpose of this Administrative Notice (AN) is to revise the loss claim and recovery (future recovery and additional recovery) remittance procedures due to enhanced automation capabilities, which assist in the preparation and calculation of Single Family Guaranteed Rural Housing (GRH) loan program loss claims and recoveries.

<u>COMPARISON WITH PREVIOUS AN</u>:

This AN revises and replaces RD AN No. 4019(1980-D), dated November 18, 2004. This AN is reissued to incorporate procedure surrounding the phase 2.1 enhancement to the Guaranteed Loan System (GLS) and other minor changes.

EXPIRATION DATE: FILING INSTRUCTIONS:
January 31, 2007   Preceding RD Instruction 1980-D

BACKGROUND:

The "Rural Housing Guarantee Report of Loss" (Form RD 1980-20) and the "Loss Claim Input Worksheet", provide assistance for lenders submitting a loss claim and future recovery. Currently, the Rural Development staff located in each state and at the Centralized Servicing Center (CSC), review GRH loss claims and supporting documentation, to determine whether the lender has performed an expeditious liquidation and that claimed expenses are reasonable and customary. The Loss Claim Input Worksheet was designed to assist lenders with claim preparation and to assist the Agency staff with claim review, thereby minimizing issues that may cause delayed claim processing and payment. Any reference to "Agency" can be interpreted to be CSC or State USDA Rural Development staff.

IMPLEMENTATION RESPONSIBILITIES:

Loss Claim Processing

This AN is issued to amend the Loss Claim Worksheet to capture modifications to the Future Recovery Calculator implementing the 2.1 phase of the Guaranteed Loan System (GLS) which allows users to report the sale of all Real Estate Owned (REO) subject to a liquidation appraisal. Additionally, this notice introduces a new calculator to report additional recovery occurring beyond payment of the primary and/or secondary loss claim and report of REO sale.

The loss claim worksheet is a tool lenders and the Agency may use to process GRH loss claims and to determine the amount of recovery (future and additional recovery) due to Rural Development. New to this process is a separate worksheet created to collect information on any additional recovery occurring beyond payment of a loss claim, report of REO sold and/or collection of future recovery. Lenders may use the electronic version of the revised Loss Claim Input Worksheet (Exhibit B) to support and facilitate the calculation of loss claims and future recovery. In the electronic version, the lender can enter the loss data into the Loss Claim Input Worksheet, which automatically completes the "Report of Loss" Form RD 1980-20 using the Loss Claim Input Worksheet data. When the lender submits the claim to the Agency, Rural Development staff will review the loss claim to ensure accuracy and will then enter the claim into GLS under the Loss Claim Administration Menu. Lenders who sell REO in which a claim was paid by the Agency, based upon a liquidation appraised value, may utilize the Future Recovery Calculator (Exhibit D) to report the sale of the REO. **With phase 2.1 in GLS all REO sold, where USDA Rural Development has paid a loss based upon a liquidation appraised value, should be input into the Recovery Calculator on the Loss Claim Administration menu of GLS, regardless if future recovery is due.**

The current automated process allows the Agency staff to transmit loss claims on-line and to receive feedback through system edits related to the status of the claim payment. The Agency is working with select lenders, following a phased-in approach with intensive monitoring, to enable lenders to file its loss claims via the Internet. Automated loss claim filing enables enhanced claim processing speed and uniformity. Systematic threshold edits review data entered in critical data fields and claims with data elements outside established parameters are subject to manual review.

Until lenders are fully utilizing the automated claim filing via the Internet, the revised Loss Claim Input Worksheet, Future Recovery Calculator and Additional Recovery Calculator continue to help lenders organize and prepare information provided to the Agency to support loss claims, future recoveries and additional recoveries that occur beyond payment of the loss. The Agency should provide the following updated attachments, along with the electronic versions, to its lender's servicing and claims department:

Exhibit A, USDA Rural Development - Single Family Guaranteed Rural Housing Loss Claim Checklist

Exhibit B, USDA Rural Development - Single Family Guaranteed Rural Housing Automated Manual Loss Claim Input Worksheet

Exhibit C, Table to Determine the Number of Days between Any Two Given Dates, 365-day basis

Exhibit D, USDA Rural Development - Single Family Guaranteed Rural Housing Future Recovery Calculator

Exhibit E, USDA Rural Development – Single Family Guaranteed Rural Housing Additional Recovery (Post Sale) Calculator

Exhibit F, Single Family Housing Guaranteed Loan Loss Claim and Future Recovery User Guide, Version 3.0 (User Guide)

To request a loss claim reimbursement, supporting documentation, noted on the Loss Claim Checklist along with the Loss Claim Input Worksheet and original executed Form RD 1980-20, should be submitted to the Agency. An exception to documentation would be lenders who have been e-authenticated to file their loss claims via the Internet. To process a loss claim upon receipt from the lender, the appropriate Agency staff, will ensure the Loss Claim Input Worksheet and Form RD 1980-20 are accurately completed and the supporting documentation accurately confirms the claim request. Agency staff should maintain in the borrower case file a completed Loss Claim Input Worksheet and Form RD 1980-20 (signed by the lender and a Rural Development Approving Official), along with all supporting documentation provided by the lender for 7 years. These files must be labeled, "Loss to the Government", and retained in accordance with RD Instruction 2033-A.

The Agency approval official must notify the lender in writing of their decision on the lender's loss claim request. Any reduction or denial to the lender's loss claim must be fully documented including an analysis of how the amount of the reduction was determined. A connection must be made between the lender's action or failure to act and the loss amount on the loan. The amount of loss occasioned by such action will be established. If a lender's loss claim is denied or reduced, the Agency approval official will notify the lender of all reasons for the action and provide the lender with the opportunity to appeal the decision as set forth in Section 1980.399 of RD Instruction 1980-D and RD Instruction 1900-B.

Lenders who have been approved to access GLS via the Internet will no longer be required to complete Form RD 1980-20. Addendum E to their Basic Trading Partner Agreement precludes this process. When a lender has put into operation loss claim processing and future recovery processing via the Internet, the manual steps described within this AN will no longer be applicable unless a manual-processing environment is required.

Estimated Net Recovery and Future Recovery Processing

The lender is allowed up to 6 months from the acquisition date to sell the REO property. The acquisition date is the date the lender acquires title to the property. Unless a 30 day extension is authorized by the Agency for a property under a sale contract, the lender must submit its loss claim within 30 calendar days of the REO settlement date. When the settlement date is reached, allowable interest accrual ceases. For REO that remains unsold, a loss claim must be filed within 30 calendar days of reaching the end of the 6 month marketing period.

When submitting an estimated loss claim calculation on unsold REO, the Lender and Agency staff should use the Loss Claim Input Worksheet and the estimated sale price, which is based on a third-party liquidation value appraisal obtained by the Agency. This appraised value is multiplied by a cost factor, established by the Veteran's Administration, to estimate REO expenses.

When a REO property associated with a claim previously paid based on estimated sale proceeds is ultimately sold the lender should report the sale of REO through use of the Future Recovery Calculator (Exhibit D). Supportive documentation, such as a HUD-1, confirming the sales contract price and settlement date should be included with the notification. The Future Recovery Calculator should be submitted to the Agency within 30 days of the REO settlement date. Agency staff will confirm any future recovery owed and advise the lender accordingly. Future recovery may be due to the Agency if the property sells at a higher price than the estimated sales price in which the primary claim was based upon. The proceeds of any amounts to be recovered shall be shared in proportion to the amount of loss borne between the Agency and the lender. Any amount owed the Agency is due within 30 days of notification of Future Recovery due.

In addition to future recovery, other forms of recovery may be: collection of a deficiency judgment; reimbursement of insurance premiums or property taxes; or hazard insurance claim collections. A worksheet labeled "Additional Recovery (Post Sale) Calculator" (Exhibit E) is utilized to report this type of recovery to the Agency.

Agency staff will report the sale of the REO, for claims based upon an estimated net recovery in GLS, under the Loss Claim Administration menu, Add Recovery Calculator. This process is applicable to all claims paid based upon an estimated net recovery, regardless if future recovery is owed. The Agency will no longer be required to report manually to the Deputy Chief Financial Office any future recovery collected. Recovery collected should be processed as a miscellaneous collection on Form RD 451-2, "Schedule of Remittances", and forwarded to the wholesale lockbox in accordance with RD Instruction 1951-B, Section 1951.54.

The Loss Claim Input Worksheet, Future Recovery Calculator and Additional Recovery Calculator are in a Microsoft Excel 2000 Template with the file name of RD Loss V3.0.xlt. The User Guide is a Microsoft Word document with a file name of Loss Claim User Guide v3.0.doc. The Loss Claim Input Worksheet, Future Recovery Calculator, Additional Recovery Calculator and User Guide will be distributed via e-mail to each State Office upon issuance of this AN and can also be obtained by contacting Debbie Terrell via e-mail at debra.terrell@wdc.usda.gov, Susanne Wilson at Susanne.Wilson@wdc.usda.gov or Dean Daetwyler at Dean.Daetwyler@wdc.usda.gov.

This Loss Claim Input Worksheet, Future Recovery Calculator, Additional Recovery Calculator and User Guide, may be distributed to all servicing lenders. For lenders without Microsoft Excel, Rural Development staff can print and distribute the Manual Loss Claim Input Worksheet and the manual Form RD 1980-20, which are also included in the RD Loss V3.0.xlt Microsoft Excel workbook.

Questions regarding this AN can be directed to Debbie Terrell at (918) 534-3254 or Susanne Wilson at (202) 720-9705 in the Single Family Housing Guaranteed Loan Division.

Attachments

USDA RURAL DEVELOPMENT
SINGLE FAMILY - GUARANTEED RURAL HOUSING
LOSS CLAIM CHECKLIST

To file a RD SF-GRH loss claim, submit the following forms and documentation to the appropriate Rural Development office. *In the space on the left, indicate the location of each document in your package.*

NOTE TO AUTOMATED VERSION USERS: **To facilitate Rural Development review, please save your loss claim input worksheet and submit it by email or diskette in addition to hard copies of all the listed forms and documentation.**

Original Form RD 1980-20, "Rural Housing Guarantee Report of Loss."
If property is sold, complete Items 1-14 and Sections A, B and E.
If property is in REO, complete Items 1-14 and Sections B, C, D and E.
Sign and date the form.

NOTE TO AUTOMATED VERSION USERS: **THE COMPLETION OF FORM RD 1980-20 IS AUTOMATED IF THE EXCEL TEMPLATE, RD Loss V3.0.xlt, "GRH Loss Claim Input Wrksht" IS COMPLETED. COMPLETE THE INPUT WORKSHEET, THEN CLICK ON THE TAB "Automated Form RD 1980-20." PRINT, SIGN AND DATE THE FORM.**

GRH Loss Claim Input Wksht
(If REO is unsold, request a liquidation appraisal from Rural Development and complete Part VI once you receive appraised value from Rural Development)

Property marketing summary to support REO marketing activity **(Sold and Unsold REO)**
(Include listing agreement and any amendments/addendums)

Copy of consolidated default log detailing all servicing contacts with the borrower.

Payment History reflecting all application of payments, association fees and escrow disbursements.

Copy of appraisal(s) and/or BPO(s).

Verification of first legal action

Report or verification of foreclosure sale.
(i.e., recorded foreclosure deed, etc.)

Confirmation of forclosure sale or redemption period expiration date **(if applicable).**

Copy of HUD-1 (Settlement Statement), if property is sold.

Documentation of Protective Advance expense, including interest accrual calculation.
(Copy of accounting ledger listing protective advances)

Documentation of claimed expenses.
(Copy of accounting ledger listing corporate advances and all associated invoices)

Documentation of Buydown Escrow account.
Part V - Loss Claim Worksheet

USDA RURAL DEVELOPMENT
SINGLE FAMILY - GUARANTEED RURAL HOUSING AUTOMATED
MANUAL LOSS CLAIM INPUT WORKSHEET

RD USE ONLY

Date Claim Received

PART I   GENERAL INFORMATION

	Borrower SSN
	Lender Loan Number
	Borrower Name
	Co-Borrower SSN
	Co-Borrower Name
	Borrower's Last Known Mailing Address
	City, State and ZIP
	Borrower's Last Known Phone Number
	Loss Claim Contact Person
	Loss Claim Contact Phone Number **(10-digit phone number)**
	Loss Claim Contact Fax Number **(10-digit phone number)**
	Loss Claim Contact Email Address
	Servicing Lender ID No. **(9-digit Tax ID - Employer Identification Number)**
	Servicing Lender Branch No. **(3 digit, Rural Development assigned)**
	Servicing Lender Name
	Holding Lender ID No. **(9-digit Tax ID - Employer Identification Number)**
	Holding Lender Branch No. **(3 digit, Rural Development assigned)**
	Holding Lender Name
	Holding Lender Address
	Holding Lender City, State and ZIP of Payee
	Recipient (Payee) of Loss Payment **(Enter name of Servicing or Holding Lender)**

Report Type Code: **2** = Final Loss; **4** = Recovery; **B** = Adjustment to Loss

$ -	Original Loan Amount **(Amount on which the guarantee was based)**
$ -	Modified Loan Amount, if applicable
$ -	Escrow Balance As of Last Borrower Payment
$ -	Other Recovery **(Example: insurance loss, judgment collection)**
$ -	Cost of Collection of "Other Recovery" listed above
	Method of Liquidation: Foreclosure, Deed-in-Lieu, Short-Sale or Foreclosure/3rd Party
$ -	Original List Price
	Original List Date **(mm/dd/yyyy)**
$ -	Final List Price
	Final List Date **(mm/dd/yyyy)**
$ -	Amount Property Sold For **(Complete if property sold to third party)**

PART II   CALCULATION OF ACCRUED INTEREST

$ -	Unpaid Principal
-	Current Note Interest Rate **(Use decimal form, example: 10.25)**
$ -	Daily Interest Accrual
	Due Date **(mm/dd/yyyy)** of Last Payment Made **(Date Interest Paid Through)**
	A. Date of Foreclosure Initiation, if applicable
	B. Date of Foreclosure Sale or DIL Execution
	C. Date of Redemption Expiration, if applicable
	D. Number of Bankruptcies Filed **(> one bankruptcy use Additional Bankruptcy Worksheet)**
	E. Date(s) Bankruptcy Filed, if applicable
	F. Bankruptcy Chapter
	G. Bankruptcy Case No.
	H. Due Date of Last Payment Made Prior to Bankruptcy
	I. Date(s) Bankruptcy Released, if applicable
	J. Date Eviction Started, if applicable
	K. Date Eviction Completed, if applicable

EXHIBIT B

Settlement Date. (mm/dd/yyyy) (Complete one of the following.)

_____ <=========	**A. Sale Date If Sold To Third Party**
_____ <=========	**B. Up To 6 Months from date of Foreclosure if Property Not Sold**
_____ <=========	**C. Date Mutually Determined By Lender and RD**
_____	**Number of Days**

$ _____ -   **TOTAL ACCRUED INTEREST CLAIMED**

PART III   FORECLOSURE PROTECTIVE ADVANCES PAID PRIOR TO SETTLEMENT DATE

Type of Advance	Advance Date	Effective Date	Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

$ _____ -   **TOTAL PROTECTIVE ADVANCE**

$ _____ -   **Interest on Protective Advances paid prior to Foreclosure Sale Date: (Optional: Rural Development will calculate based on advance date and debenture interest rate)**

$ _____ -   **Amount of last insurance premium (as listed above)**

_____   **Effective Date (mm/dd/yyyy) of last insurance paid (as listed above)**

_____   **Number of days policy in force**

_____   **% Lender's Prorated Portion**

$ _____ -   **Prorated insurance subtracted in claim (Amount of Last Ins. Prem. times % of Lender's Prorated Portion)**

PART IV   EXPENSES ASSOCIATED WITH ACQUISITION, HOLDING, AND/OR SALE OF PROPERTY

	Liquidation Costs Pre FCL/DIL Date *Complete Cell C-47*	REO Costs Post FCL/DIL Date *Complete Cell C-47*	Total (Automated)
Foreclosure Attorney Fees	$ -	$ -	$ -
Foreclosure Attorney Costs	$ -	$ -	$ -
Eviction expenses		$ -	$ -
Bankruptcy Fees	$ -	$ -	$ -
Bankruptcy Costs	$ -	$ -	$ -
Property Inspections	$ -	$ -	$ -
Utilities	$ -	$ -	$ -
Property Preservation	$ -	$ -	$ -
Property Maintenance	$ -	$ -	$ -
Pre-authorized Repairs	$ -	$ -	$ -
Sales Expense	$ -	$ -	$ -
Appraisal/BPO	$ -	$ -	$ -
Other	$ -	$ -	$ -
TOTAL	$ -	$ -	$ -

PART V   BUY DOWN

$ **-**   **Buy Down Balance Remaining In Escrow**

PART VI   ESTIMATED NET RECOVERY CALCULATION FOR UNSOLD REO

Complete ONLY if the property is still in REO at the time of this claim

$ **-**   **Appraised Value (Provided by Rural Development)**

                        0   **Acquisition Management, Resale Factor** **(Per Exhibit D of RD Instruction 1980-D)**

$ **-**   **Appraised Value X Factor**

EXHIBIT C

TABLE TO DETERMINE THE NUMBER OF DAYS BETWEEN ANY TWO GIVEN DATES
365 DAY BASIS

To find the number of days between any two given dates, proceed as follows:

1. Find the number for the earlier of the two dates by locating the day of the month in the left hand column of the Table entitled "FIRST YEAR," and proceed across the table until the desired month is reached.

2. Find the number for the later date by using either the "FIRST YEAR" or the "SECOND YEAR" table. The "SECOND YEAR" table is used if the later date falls in the succeeding year.

3. Subtract the earlier date "number" from the latter date "number" to determine the number of days between the two dates.

   NOTE: **If the second date is into a third calender year, add 365 to the result of instruction #3 for each additional calender year.**

FIRST YEAR

DAY OF MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	1	32	60	91	121	152	182	213	244	274	305	335
2	2	33	61	92	122	153	183	214	245	275	306	336
3	3	34	62	93	123	154	184	215	246	276	307	337
4	4	35	63	94	124	155	185	216	247	277	308	338
5	5	36	64	95	125	156	186	217	248	278	309	339
6	6	37	65	96	126	157	187	218	249	279	310	340
7	7	38	66	97	127	158	188	219	25	280	311	341
8	8	39	67	98	128	159	189	220	251	281	312	342
9	9	40	68	99	129	160	190	221	252	282	313	343
10	10	41	69	100	130	161	191	222	253	283	314	344
11	11	42	70	101	131	162	192	223	254	284	315	345
12	12	43	71	102	132	163	193	224	255	285	316	346
13	13	44	72	103	133	164	194	225	256	286	317	347
14	14	45	73	104	134	165	195	226	257	287	318	348
15	15	46	74	105	135	166	196	227	258	288	319	349
16	16	47	75	106	136	167	197	228	259	289	320	350
17	17	48	76	107	137	168	198	229	260	290	321	351
18	18	49	77	108	138	169	199	230	261	291	322	352
19	19	50	78	108	139	170	200	231	262	292	323	353
20	20	51	79	110	140	171	201	232	263	293	324	354
21	21	52	80	111	141	172	202	233	264	294	325	355
22	22	53	81	112	142	173	203	234	265	295	326	356
23	23	54	82	113	143	174	204	235	266	296	327	357
24	24	55	83	114	144	175	205	236	267	297	328	358
25	25	56	84	115	145	176	206	237	268	298	329	359
26	26	58	85	116	146	177	207	238	269	299	330	360
27	27	58	86	117	147	178	208	239	270	300	331	361
28	28	59	87	118	148	179	209	240	271	301	332	362
29	29	*	88	119	149	180	210	241	272	302	333	363
30	30		89	120	150	181	211	242	273	303	334	364
31	31		90		151		212	243		304		365

* Denotes Leap Year

EXHIBIT C

TABLE TO DETERMINE THE NUMBER OF DAYS BETWEEN ANY TWO GIVEN DATES
SECOND YEAR

365 DAY BASIS

DAY OF MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	366	397	425	456	486	517	547	578	609	639	670	700
2	367	398	426	457	487	518	548	579	610	640	671	701
3	368	399	427	458	488	519	549	580	611	641	672	702
4	369	400	428	459	489	520	550	581	612	642	673	703
5	370	401	429	460	490	521	551	582	613	643	674	704
6	371	402	430	461	491	522	552	583	614	644	675	705
7	372	403	431	462	492	523	553	584	615	645	676	706
8	373	404	432	463	493	524	554	585	616	646	677	707
9	374	405	433	464	494	525	555	586	617	647	678	708
10	375	406	434	465	495	526	556	587	618	648	679	709
11	376	407	435	466	496	527	557	588	619	649	680	710
12	377	408	436	467	497	528	558	589	620	650	681	711
13	378	409	437	468	498	529	559	590	621	651	682	712
14	379	410	438	469	499	530	560	591	622	652	683	713
15	380	411	439	470	500	531	561	592	623	653	684	714
16	381	412	440	471	501	532	562	593	624	654	685	715
17	382	413	441	472	502	533	563	594	625	655	686	716
18	383	414	442	473	503	534	564	595	626	656	687	717
19	384	415	443	474	504	535	565	596	627	657	688	718
20	385	416	444	475	505	536	566	597	628	658	689	719
21	386	417	445	476	506	537	567	598	629	659	690	720
22	387	418	446	477	507	538	568	599	630	660	691	721
23	388	419	447	478	508	539	569	600	631	661	692	722
24	389	420	448	479	509	540	570	601	632	662	693	723
25	390	421	449	480	510	541	571	602	633	663	694	724
26	391	422	450	481	511	542	572	603	634	664	695	725
27	392	423	451	482	512	543	573	604	635	665	696	726
28	393	424	452	483	513	544	574	605	636	666	697	727
29	394	*	453	484	514	545	575	606	637	667	698	728
30	395		454	485	515	546	576	607	638	668	699	729
31	396		455		516		577	608		669		730

* Denotes Leap Year

EXHIBIT D

USDA RURAL DEVELOPMENT
SINGLE FAMILY - GUARANTEED RURAL HOUSING
FUTURE
RECOVERY CALCULATOR

BORROWER NAME:	
Borrower SSN:	
LENDER LOAN NUMBER:	
LENDER TAX ID NO. (9 digit number):	
LENDER NAME:	
DATE OF ORIGINAL LOSS CLAIM (mm/dd/yyyy):	

    "All Fields Must be Completed"

TOTAL LOSS (Net Loss Amount from the GLS Payment Information Section of View/Update screen or the Advice of Payment/Notice of Termination)	
TOTAL COMPUTED LOSS PAYABLE (Loss Amount Paid to Lender from Computed Loss Info Section/View/Update screen of GLS or the Advice of Payment/Notice of Termination)	
ORIGINAL LOAN AMOUNT	
LIQUIDATION APPRAISED VALUE	
AMOUNT REO PROPERTY WAS SOLD TO THIRD PARTY (Contract Price from HUD-1)	
DIFFERENCE BETWEEN LIQUIDATION APPRAISED VALUE AND AMOUNT SOLD TO 3rd PARTY (Automated)	**$0.00**
ENTER EITHER THE ACTUAL PERCENTAGE OR DOLLARS AMOUNT OF REO SALES COMMISSION BELOW	
ACTUAL PERCENTAGE RATE OF COMMISSION FOR REO SALE (Enter the actual Commission percentage rate charged to sell the REO) OR	
ACTUAL DOLLAR AMOUNT OF COMMISSION FOR REO SALE(Enter the actual commission charged to sell the REO)	
ERROR! You may only enter one value for REO Sales Commission Expense. Either a percentage or a dollar value. You must enter a value in one field. A Zero is a valid value. One of the fields must be blank. Please correct!	
ALLOWANCE FOR ADDITIONAL COMMISSION (Commission capped at 6% of Difference between Appraised Value and Actual Sale Price) (Automated)	**$0.00**
COST OF CAPITAL IMPROVEMENTS DIRECTLY RESULTING IN AN INCREASED SALES PRICE	
AMOUNT OF RD APPROVED SELLER CONCESSIONS BEYOND WHAT IS CUSTOMARY	
ADJUSTED SALES PRICE (Automated)	**$0.00**
NET DIFFERENCE BETWEEN LIQUIDATION APPRAISED VALUE AND ADJUSTED SALES PRICE TO 3rd PARTY (Automated)	**$0.00**
OTHER RECOVERY NOT IN ORIGINAL CLAIM (Judgment, Insurance claim, etc.)	
SUM OF PREVIOUSLY REPORTED RECOVERY (Not included in original Claim)	
SUM OF PREVIOUSLY REPORTED RECOVERY PAID TO RURAL DEVELOPMENT	
35% of ORIGINAL LOAN AMOUNT (Automated)	**$0.00**
TOTAL AMOUNT OF LOSS > 35% OF LOAN (Automated)	**$0.00**
TOTAL AMOUNT OF RECOVERY (Automated)	**$0.00**
ALLOCATION OF RECOVERY: *Split between Rural Development and Lender*	
RHS's 85% OF AMOUNT OF RECOVERED LOSS > 35% OF LOAN (Automated)	**$0.00**
LENDER'S 15% PORTION OF LOSS > 35% OF LOAN (Automated)	**$0.00**
SUMMARY OF TOTAL TO RURAL DEVELOPMENT:	
RD's 100% of the Difference Between Total Recovery & Loss over 35% (Automated)	**$0.00**
RD's 85% OF SPLIT (Automated)	**$0.00**
(LESS) PREVIOUS RECOVERY PAYMENTS MADE TO RURAL DEVELOPMENT (Automated)	**$0.00**
AMOUNT LENDER TO PAY RURAL DEVELOPMENT (Maximum capped at Total Loss) (Automated):	**Error Above!**

USDA RURAL DEVELOPMENT
SINGLE FAMILY - GUARANTEED RURAL HOUSING
ADDITIONAL RECOVERY CALCULATOR
(Post Sale)

BORROWER NAME:	
Borrower SSN:	
LENDER LOAN NUMBER:	
LENDER TAX ID NO. (9 digit number):	
LENDER NAME:	
DATE OF ORIGINAL LOSS CLAIM (mm/dd/yyyy):	

SEE THE "USER GUIDE" FOR COMPLETE INSTRUCTIONS ON USING THE "ADDITIONAL RECOVERY CALCULATOR"	"All Fields Must be Completed"
TOTAL LOSS (Net Loss Amount from the GLS Payment Information Section of View/Update screen or the Advice of Payment/Notice of Termination)	
TOTAL COMPUTED LOSS PAYABLE (Loss Amount Paid to Lender from Computed Loss Info Section/View/Update screen of GLS or the Advice of Payment/Notice of Termination)	
ORIGINAL LOAN AMOUNT	
ADDITIONAL RECOVERY (Not Previously Reported and Post Lost Claim and Post Future Recovery based on Sale of REO)	
SUM OF PREVIOUSLY REPORTED RECOVERY (Gross Amount of Recovery Reported) (Not included in original Claim)	
SUM OF PREVIOUSLY REPORTED RECOVERY ACTUALLY PAID TO RURAL DEVELOPMENT	
35% of ORIGINAL LOAN AMOUNT (Automated)	$0.00
TOTAL AMOUNT OF LOSS > 35% OF LOAN (Automated)	$0.00
REMAINING LOSS > 35% OF LOAN (Automated)	$0.00
TOTAL REMAINING LOSS (Automated)	$0.00
AMOUNT OF RECOVERY OVER REMAINING LOSS > 35% OF LOAN AMOUNT (Automated)	$0.00
AMOUNT OF RECOVERY APPLIED TOWARD LOSS < 35% OF LOAN AMOUNT (Automated)	$0.00
TOTAL CUMULATIVE AMOUNT OF RECOVERY (Includes previously paid and current recovery amounts) (Automated)	$0.00
ALLOCATION OF CURRENT RECOVERY AMOUNT: *Split between Rural Development and Lender*	
RD's 85% OF AMOUNT OF RECOVERED LOSS > 35% OF LOAN (Automated)	$0.00
LENDER'S 15% PORTION OF LOSS > 35% OF LOAN (Automated)	$0.00
SUMMARY OF TOTAL TO RURAL DEVELOPMENT:	
RD's 100% OF RECOVERY THAT IS APPLIED TOWARD LOSS <35% OF LOAN AMOUNT (Automated)	$0.00
RD's 85% OF SPLIT (Automated)	$0.00
AMOUNT LENDER TO PAY RURAL DEVELOPMENT (Maximum capped at Total Loss) (Automated):	**$0.00**

SINGLE FAMILY HOUSING
GUARANTEED LOAN

LOSS CLAIM
and FUTURE RECOVERY

USER GUIDE
Version 3.0

LOSS CLAIM and FUTURE RECOVERY
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Introduction

The *Single Family Housing Guaranteed Loan Loss Claim, Future Recovery and Additional Recovery (Post Sale) User Guide, Version 3.0 (User Guide)* provides comprehensive instructions for the Guaranteed Rural Housing Loss Claim Input Worksheet (filename *RD Loss V3.0.XLT*), a Microsoft Excel workbook that is an enhancement of the previous version, RHLoss V2.0.XLT. This workbook is for participating lender servicers, and Rural Development (also referred to as "the Agency" throughout this document) guaranteed rural housing (GRH) program personnel to use in preparing Single Family Guaranteed Rural Housing (GRH) loss claims, future and other/additional recovery remittances.

The workbook includes:
- The *GRH Loss Claim Checklist* and the *GRH Loss Claim Input Worksheet*, which upon completion automatically fills the Form RD 1980-20, "*Rural Housing Guarantee Report of Loss,*" for printing and signature.
- A *Future Recovery Calculator* worksheet which is utilized to report the sale of Real Estate Owned (REO) for claims based upon an estimated sales price. It will also calculate the amount of any future recovery owed Rural Development. The *Future Recovery Calculator* worksheet includes an allowance for certain capital improvement expenses and REO seller concessions incurred by the lender, which resulted in an increased sales price for the REO property. The calculator can also calculate an allowance for real estate commissions based on the difference between the liquidation appraised value in which the loss claim was based and the actual sales price of the REO.
- An *Additional Recovery Calculator* has been added to this release for capturing and reporting any additional recovery by lender occurring after payment of the loss or report of REO sale.
- A *Loss Claim Manual Input Worksheet* and *Manual Form RD 1980-20* are also included so a user may print and complete these forms if needed.
- Additionally, the *Table to Determine the Number of Days between Any Two Given Dates, 365-Day Basis*, is included for the calculation of interest accrual and can be used to determine the number of days between any two given dates. The Agency no longer calculates loss payments on a 360-day basis.

Any of the worksheets can be printed and used manually. However, a lender with Microsoft Excel capability is encouraged to use the automated version to complete the loss claim, report the sale of REO through use of the future recovery calculator or report other recovery collected beyond payment of the loss claim.

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Advantages of the Automated GRH Loss Claim Process

⇒ *Increased efficiency* reduces the need for manual review of supporting documentation, allowing for enhanced claim processing speed and uniformity.

⇒ *User-friendly* template opens directly into the *GRH Loss Claim Input Worksheet* where the user enters the loan level detail. Worksheets are clearly labeled to facilitate access and printing of the completed worksheets and Form RD 1980-20, "Rural Housing Guarantee Report of Loss."

⇒ *Fast completion* when the input figures are readily available so that the User may complete claim forms in minutes.

⇒ *Automated computations*, including the number of days of interest accrual, prevents errors. For example, the automated *GRH Loss Claim Input Worksheet* and Form RD 1980-20 are designed so that appropriate sections are left blank if a lender has **not** sold the REO and is basing the claim on a "liquidation" property value and estimated REO management and disposition costs.

⇒ *"Warning" messages* are built in to help the user enter the right variable in the correct section of the form and to alert the user when a loss exceeds the 90 percent limit or when there is no loss.

⇒ *Enhanced Guidance* is given in "comment boxes" that provide more information on what's required in certain fields when the user clicks on the small red triangles in a field.

⇒ *Detailed Information* is included when calculating loss claims when more than one bankruptcy has occurred. Users will benefit from the new automated *Additional Bankruptcy Worksheet*.

⇒ *Systematic method* for lenders to report the sale of REO for claims paid based upon an estimated sales price through use of the enhanced *Future Recovery Calculator*.

⇒ *Improved* method of capturing and reporting recovery once the final loss claim payment has been paid and/or any future recovery from the sale of the REO has been calculated and/or paid. Report recovery through use of the *Additional Recovery (Post Sale) Calculator*.

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Helpful Hints

⇒ The workbook (*RD Loss V3.0.XLT*) contains multiple worksheets. Scroll over the nine tabs along the bottom of the spreadsheet and click on the tab that you would like to open when processing a loss claim, reporting the sale of REO based upon an estimated net recovery claim or reporting other recovery collected beyond payment of the primary and/or secondary claim payment. The User Guide includes the following worksheets:

➢ *GRH Loss Claim Checklist*
➢ *GRH Loss Claim Input Worksheet*
➢ *Additional Bankruptcy Worksheet*
➢ *Automated Form RD 1980-20, "Rural Housing Guarantee Report of Loss"*
➢ *Future Recovery Calculator*
➢ *Other Recovery Calculator (Post Sale)*
➢ *Manual GRH Loss Input Worksheet*
➢ *Manual Form RD 1980-20, "Rural Housing Guarantee Report of Loss"*
➢ *Table 365*

Note: *To find all of the worksheets, use the scroll bar arrows located to the left of the worksheet tabs.*

⇒ The **GRH Loss Claim Input Worksheet** is the primary worksheet used to complete a loss claim. The data collected and input will pre-fill the entire automated Form RD 1980-20 worksheet and calculate the estimated loss payment due

⇒ Row references provide the actual row number in the spreadsheet and are located on the left of your spreadsheet screen. Row references are cross-referenced in the succeeding parts of this guide describing data entry requirements.

⇒ The worksheets and documents are securely protected allowing the user in specific fields only.

⇒ For flexibility, a user may move through the application, by utilizing either the *Tab* or *Enter* key. Either key stroke will automatically take you to the next input cell.

⇒ For the benefit of the user, all cells are formatted and designed to reduce data entry keystrokes. For example, do not enter dollar signs ($) or commas; simply enter decimal figures such as 9003.57 for $9,003.57.

⇒ All computations are automated.

⇒ An Asterisk * indicates fields that are auto-populated and are automatically calculated.

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Glossary of Terms

additional recovery. Any proceeds recovered by the Lender which occurred after a previously paid loss payment or report of REO sold. Examples may be a trailing insurance refund, collection of a deficiency judgment or similar type proceeds. Additional recovery is to be reported to the Agency through use of the *Additional Recovery Calculator*.

Agency. The Rural Housing Service (or its successor agency) within the Rural Development mission area of the U.S. Department of Agriculture that administers the Single Family Guaranteed Rural Housing Program, formerly the Rural Housing and Community Development Service, a successor agency to the Farmers Home Administration.

appraised value. An opinion of value reached by an appraiser based upon knowledge, experience and a study of pertinent data.

attorney fees. Actual fees incurred associated with the most recent liquidation action. Does not include costs. Maximum claimable expense varies from State to State. Applicable to foreclosure and bankruptcy.

attorney costs. Actual costs incurred associated with the most recent liquidation action. Does not include attorney fees. Applicable to foreclosure and bankruptcy.

automatic stay. A provision of the Federal Bankruptcy Code that stops any act that can be construed to be an act against the interests of the debtor or the debtor's property.

acquired property. A property owned by the lender as a result of a foreclosure or acceptance of a deed-in-lieu; often referred to as "real estate owned."

acquisition date. The date of foreclosure sale, the date title is lawfully transferred to lender, or deed-in-lieu recordation.

bankrupt. A person, firm or corporation who, through a court proceeding, is relieved from the payment of all debts after the surrender of all assets to a court-appointed trustee, for the protection of creditors. Bankruptcy may be declared under one of several chapters of the Federal bankruptcy code:

- **Chapter 7**, which covers individual or business bankruptcy liquidation;
- **Chapter 11**, which covers reorganization of bankrupt businesses;
- **Chapter 12**, which covers certain farm bankruptcies; and
- **Chapter 13**, which covers workouts of debts by individuals in which a debtor retains possession of property while making payments to creditors under a court- approved plan

bankruptcy discharge. Legal petition releasing the debtor from all dischargeable debts.

bankruptcy dismissal. Legal order as a result of a motion filed by either the debtor or another interested party seeking to dismiss the bankruptcy case.

BPO. See "broker price opinion."

broker price opinion (BPO) or broker opinion of value (BOV). Used to estimate value of a property based upon a comparison to other similar properties recently sold. Also known as comparative market analysis (CMA).

Glossary of Terms, continued

capital improvement. Any structure or component erected as a permanent improvement to real property, which adds to its value and useful life.

closing costs. Costs (over and above the sale price of the property) incurred by buyers and sellers to effect the closing of a mortgage loan. These include application fees, appraisal and credit report fees, homeowners association fees, transfer taxes, tax stamps, attorney or settlement agent fees, survey costs or fees, title insurance and any other fees or costs associated with the mortgage closing, such as discount points, taxes, etc. See also "sales expense."

closing date. In real estate, the delivery of a deed, financial adjustments, the signing of notes and the disbursement of funds necessary to consummate a sale or loan transaction. See also settlement date.

concessions. A concession is anything of value added to the transaction by the seller, builder, developer, salesperson or any interested party. A concession may also include any closing costs that would normally be paid by the buyer or cash given to the buyer to lower non-housing debts. See also *"seller concessions."*

confirmation hearing (foreclosure). A hearing where the Sheriff's Sale is confirmed and title is transferred to the successful bidder from the sale.

deed-in-lieu (DIL). A deed-in lieu of foreclosure. A voluntary transfer of title on a defaulted mortgage by deed from the borrower to the lender as an alternative to foreclosure. By arrangement between the parties, the lender saves the expense of foreclosure and the borrower generally expects to receive credit for payment of the debt in full.

due date of last paid installment (DDLPI). The due date of the last fully paid monthly installment of principal, interest and escrow (if any), not the date on which such payment was credited or the date of the next scheduled installment. (Freddie Mac definition)

ENR. See "estimated net recovery."

escrow balance. The balance of the escrow account as of the application of the last borrower payment.

estimated net recovery (ENR). The figure used by Rural Development to settle a loss claim on an unsold REO. A lender's ENR is based on a liquidation value appraisal to which is applied the current REO cost factor to estimate REO expenses to be deducted.

eviction action. A court action to obtain possession of premises by the person entitled to actual possession. Also may be known as forcible entry and detainer (FED).

first legal action. The date of first action required by law to initiate foreclosure. See also foreclosure initiation. Action varies by State.

foreclosure. A legal procedure in which a mortgaged property is sold to pay the outstanding debt in case of default.

foreclosure initiation. The date of the first legal action required by law to initiate foreclosure. Action varies by State.

Glossary of Terms, continued

foreclosure sale. A forced sale of mortgaged property at public auction conducted either by the court or in some other prescribed fashion, with the proceeds of the sale going to satisfy the debt. The lender is usually the successful bidder at the foreclosure sale.

future recovery. The recovery of additional funds to be applied to the REO account subsequent to the settlement of the original loss claim payment. Report future recovery after the sale of the REO by utilizing the *Future Recovery Calculator* and other recovery using the *Additional Recovery (Post Sale) Calculator*.

Guaranteed Loan System (GLS). The present automated loan accounting system for RHS guaranteed rural housing loans.

hazard. A condition of the property that jeopardizes the health or safety of the occupants or members of the community, that does not necessarily make it unfit for habitation.

hazard insurance. Insurance coverage that provides compensation to the insured in case of property loss or damage.

HUD-1 Settlement Statement. The Settlement Statement is a loan closing document, listing funds paid by the Buyer and Seller, the distributions of those funds, and the remaining cash that should go to the Seller. The settlement statement refers to the Buyer as the "Borrower" because the Buyer is the one taking out a real estate mortgage.

liquidation . Liquidation of the loan occurs when the Lender acquires title to the security, a third party buys the property at the foreclosure sale, or the borrower sells the property to a third party in order to avoid or cure a default situation with the prior approval of the Lender and RHS. In States providing a redemption period, the Lender does not typically acquire title until after expiration of the redemption period.

liquidation value. The most probable price which a specified interest in real property is likely to bring under all of the following conditions:

1.   Consummation of a sale will occur within a severely limited future marketing period specified by the client.

2.   Actual market conditions are those currently obtaining for the property interest appraised.

3.   The buyer is acting prudently and knowledgeably.

4.   The seller is under extreme compulsion to sell.

5.   The buyer is typically motivated.

6.   The buyer is acting in what he or she considers his or her best interests.

7.   A limited marketing effort and time will be allowed for the completion of a sale.

8.   Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.

9.   The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can be modified to provide for valuation with specified financing terms.

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Glossary of Terms, continued

loss claim. The method by which the Agency provides reimbursement to a lender who has fulfilled all program requirements but who has incurred a loss on a guaranteed loan.

loss mitigation. A lender's efforts with a borrower to work out a delinquency or resolve a defaulted loan to maximize recovery and avoid foreclosure. May include extension of loan terms, forbearance, moratorium, modification, refinancing, short sale or deed-in-lieu.

maintenance costs. Recurring fees associated with holding custodial or REO property. An example is yard maintenance and/or mowing.

market value. The most probable price that a property should bring after reasonable exposure in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgably.

motion requesting relief from stay. A pleading filed in a bankruptcy case wherein the creditor requests that its collateral be removed from the automatic stay imposed by the bankruptcy filing.

NAD. See "National Appeals Division."

National Appeals Division (NAD). The organization within the United States Department of Agriculture that is responsible for the Department's administrative appeals procedures for lenders who desire to appeal an adverse decision made by the Agency.

net recovery value. The market value of the security property minus anticipated expenses of liquidation, acquisition, and sale as determined by the Agency.

other recovery. The recovery (return of funds, refund, etc.) of funds not previously reported in the primary claim or report of REO sale. Examples may include a delayed payment on an insurance refund, collection of a deficiency judgment or similar proceeds recovered. See also additional recovery.

pre-foreclosure sale. A procedure in which the borrower is allowed to sell his or her property in which the investor and borrower agree to accept the proceeds of the sale to satisfy a defaulted mortgage, even though this may be less than the amount owed on the mortgage, in order to avoid foreclosing on the property. See also "short sale."

preservation costs. One time costs associated with securing and preserving a custodial or REO property. Examples include changing locks, debris removal, winterization.

protective advance. An advance of funds by a lender for an emergency expense necessary to preserve or protect the physical security for the loan. Escrow advances for hazard or force-placed insurance or real estate property taxes, or attorney fees property. For the purposes of loss claim filing, advances may be claimed under liquidation or REO pending.

real estate owned (REO). Denotes real estate that has been acquired by a lending institution for investment or through foreclosure of mortgage loans; also called *owned real estate* (ORE).

redemption right. See right of redemption.

Glossary of Terms, continued

referral fees. A portion of the commission paid to some servicers in return for referring properties to a certain broker. Referral fees from the broker, returning a portion of the commission to the servicer are to be treated as "other recovery."

relief from automatic stay. A legal action permitting a lender to resume action to collect on the debt. See "automatic stay".

REO. See "real estate owned."

REO cost factor. A percentage which, when applied to a property appraised value, is intended to result in an estimate of the total cost of gaining possession, managing and disposing of an acquired property. It is published in the Federal Register by VA and it represents the 3-year average VA operating expenses incurred for acquired properties, including property taxes, assessments, liens, property maintenance, property improvement, administration and resale. For the purposes of this estimate, property improvement is defined as any repair that must be completed to satisfy minimum property requirements for existing construction. Selling expenses include sale commissions plus any other costs incurred in connection with the sale of the property. Prescribed in RD Instruction 1980-D, section 1980.376(a)(1)(ii) and Exhibit D.

right of redemption. In some states, a right permitting the mortgagor to reclaim foreclosed property by making full payment of the foreclosure sales price. The right of redemption exists for a specified period of time, called the "redemption period." State statutes may provide for a waiver of redemption rights or an REO sale subject to redemption rights.

sales expenses. Various fees paid by the seller at the time of real estate closing. See "closing costs." Sales expense represents the total reduction due seller from the HUD-1.

sales price. Amount REO property sold to third party. See contract price from HUD-1.

seller concessions. Sales concessions influence the price paid for real estate. Sales concessions may be in the form of loan discount points, loan origination fees, interest rate buy downs, closing cost assistance, payment of condominium fees, builder incentives, down payment assistance, repairs or repair credits, monetary gifts or personal property given by the seller or any other party involved in the transaction.

settlement date. The REO sold date establishes the settlement date for loss claims processed. This can also be the foreclosure sale date, for properties sold to third parties; the short sale date; deed-in-lieu recording date; or marketing period expiration or extension date. See also "closing date. "

sheriff's sale. The public auction at which the property being foreclosed is offered for sale.

short sale. A short sale occurs when the lender releases its collateral interest for less than the indebtedness to accommodate a sale of the property to a third-party buyer.

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GRH LOSS CLAIM INPUT WORKSHEET

Starting Point
File Name: *RD Loss V3.0.XLT*

To begin completing a loss claim, open the file *RD Loss V3.0.XLT* (a Microsoft Excel 2000 workbook). The GRH Loss Claim Checklist appears. The checklist should be used as a guide of forms and documentation required for the loss claim process. To begin the loss claim process, click on the **GRH Loss Claim Input Worksheet** tab. Your cursor should be in data field (Row 6, Column A) under the heading Part I, *General Information*. **Field** locations (row numbers) are listed below and refer to the location in the spreadsheet that corresponds to the information that the user should enter, when applicable.

Part I   General Information

Field	*Enter/Input*
6	Borrower Social Security Number **without** hyphens (i.e., 241712345 will be displayed as 241-71-2345)
7	Servicer Loan Number
8	Borrower Name (last name, first name, middle initial)
9	Co-borrower Social Security Number (SSN) **without** hyphens
10	Co-borrower Name (last name, first name, middle initial)
11	Borrower's Last Known Mailing Address
	Note: If forwarding information is unknown, enter the property address and phone number.
12	City, State and Zip Code
13	Borrower's last known telephone number
14	Name of the lender's Loss Claim Contact Person (claims specialist/processor for the servicer or holder)
15	Telephone number of the lender's Loss Claim Contact Person (10-digit number)
16	Fax telephone number of the lender's Contact Person (10-digit number)
17	E-mail address of the lender's Loss Claim Contact Person
18	Servicing Lender ID Number (9-digit Tax ID number **without** hyphens (i.e., enter 123456789)).
19	Servicing Lender Branch Number (3-digit Rural Development assigned branch number for the lender)
20	Servicing Lender Name
21	Holding Lender ID Number (9-digit Tax ID number **without** hyphens (i.e., enter 123456789)).
22	Holding Lender Branch Number (3-digit Rural Development assigned branch number for the lender)
23	Holding Lender Name
24	Holding Lender Address
25	Holding Lender City, State and Zip Code
26	Recipient (Payee) of Loss Claim Payment (Use the drop down list to select the Payee and you must complete field 20 and field 23 to populate the dropdown)
27	Report Type Code (Select response from the drop down list. The default is "2-Final Loss".
28	Original Loan Amount on which the loan guarantee was based
29	Modified Loan Amount, applicable only when original loan amount, was modified

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Loss Claim Input Worksheet (Continued)

Part I   General Information (continued)

Field	_Enter/Input_
_30_	Escrow Balance as of the application of Last Borrower Payment
_31_	Other Recovery (i.e., Insurance Loss, Judgment Collection, interest on escrow, pro-rated real-estate taxes, etc.)
_32_	Cost of Collection of "Other Recovery" listed above. Cost of collection may not exceed other recovery. Documentation for cost of collection must be provided.
_33_	Method of Liquidation _Note: Select one from the drop down list: Foreclosure, Deed-in-Lieu, Short Sale, or Foreclosure/3rd Party_
_34_	Original List Price
35	Original List Date (mm/dd/yyyy)
_36_	Final List Price
_37_	Final List Date (mm/dd/yyyy)
_38_	Amount Property Sold For (completed when REO property is sold to third party)

LOSS CLAIM and FUTURE RECOVERY USER GUIDE

Loss Claim Input Worksheet (Continued)

Part II   Calculation of Accrued Interest

Field	Enter/Input
42	Unpaid principal balance of the loan (not including interest, protective advances or late charges)
43	Current Note Interest Rate (decimal format, i.e. 10.25, 7.875)
44*	* Daily Interest Accrual
45	Due Date (mm/dd/yyyy) of the Last Borrower Payment Made (Date Interest Paid Through)
46	Date of Foreclosure Initiation, if applicable. This field is required for foreclosure and foreclosure to third-party liquidation methods and is the date of the first legal action required by law to initiate foreclosure. This date is State specific.
47	Date of Foreclosure Sale or Deed-in-Lieu (DIL) execution (do not include post-sale redemption or sale confirmation period)
48	Date of Redemption Period Expiration, if applicable or confirmation date. Confirmation date is the date legal title to property confirmed. Redemption date required for properties in states with redemption rights.
49	Number of Bankruptcy(s) Filed
50	Date(s) Bankruptcy Filed, if applicable. If borrower has more than one bankruptcy then utilize the *Additional Bankruptcy Worksheet. You may then input all additional bankruptcies.* **Single click** on the gray button located to the right of Row 49. Then input up to three *Additional Bankruptcies,* as follows:

Row 8	Date Bankruptcy was filed, if applicable
Row 9	Bankruptcy Chapter
Row 10	Bankruptcy Case Number
Row 11	Due Date of Last Payment Made Prior to Bankruptcy
Row 12	Date Bankruptcy Released, (dismissal/ Relief from Stay) if applicable

Field	Enter/Input
51	Bankruptcy Chapter Number Filed (if more than one, use the *Bankruptcy Worksheet,* and enter in sequential order)
52	Case Number(s) of the Bankruptcy Filed (if more than one, use the *Bankruptcy Worksheet* and enter in sequential order)
53	Due Date of Last Payment made prior to Bankruptcy. This date correspondents with the first bankruptcy filed as listed on the loss claim and prior to any subsequent payments made during the bankruptcy period.
54	Date Bankruptcy Released or Dismissed or Motion for relief was granted, if applicable
55	Date Eviction Started, if applicable
56	Date Eviction Completed, if applicable
57	*Input is not required in this row. Complete "Settlement Date" value in row 58, or 59,* **or** *60.*
58	Sale Date if Sold to Third Party (enter only one date)
59 one	Date up to 6 Months from Date of Foreclosure/acquisition date if Property **Not** Sold (enter only one date)
60	Date Mutually Determined by Lender and Rural Development (enter only one date)
	Note: If date is entered on more than one row (in **rows 58-60***), or if no date is entered, an error message will appear.*
61*	* Number of Days of Interest
62*	* Total Accrued Interest Claimed

*Fields with an asterisk are system generated and do not require user input.

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Loss Claim Input Worksheet (Continued)

Part III   Foreclosure Protective Advances Paid Prior to Settlement Date

To complete this section a user will obtain the applicable information from lender records such as, a "mortgage loan" servicing history.

Field	*Enter/Input*
66-78	Select the Type of Advance (i.e., Insurance, Forced Placed Insurance, Property Taxes, etc.) and also enter corresponding Advance Date, Effective Date (required for insurance only) and Amount of Advance (paid **after** the date of the last borrower payment)
79	*Input is not required in this row and row may be hidden.*
80*	* Total Protective Advance
81*	* Interest on Protective Advances Paid Prior to Foreclosure Sale Date – Optional field which Rural Development calculates based on advance date and debenture interest rate *
82	*Input is not required in this row.*
83	Amount of Last Insurance Premium listed above (Includes all insurance, paid **after** the date of the last borrower payment, but before liquidation of the account.)
84	Effective Date (mm/dd/yyyy) of Last Insurance Paid listed above
85*	* Number of Days Policy in Force
86*	* Percentage of Lender's Prorated Portion – *populated from standard insurance prorating schedule*
87*	* Prorated Insurance Subtracted in Claim (amount of last insurance premium multiplied by the percentage of the Lender's prorated portion)

*Fields with an asterisk are system generated and do not require user input.

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Loss Claim Input Worksheet (Continued)

Part IV   Expenses Associated with Property Acquisition, Holding, and/or Sale

Complete this section for a pre-foreclosure sale, a sale to a third party at the foreclosure sale, or a REO property sale. Enter only eligible fees and retain all receipt copies.

Note: If the property is unsold, fields 96 through 99 and 101 through 103, under **REO Costs Post FCL/DIL Date** column, are not calculated in this part as the costs are included in the **REO Acquisition Management Resale Factor**. *Each column of expenses must be segregated* between costs incurred prior to title acquisition (Liquidation Costs Pre-foreclosure or Deed-in-Lieu date) and costs incurred after acquisition of title (REO Costs Post-foreclosure or Deed-in-Lieu date).

> * **Note**: Fields with an asterisk (*) are system calculated and do not require user input.

Field	*Enter/Input*
91	Actual Foreclosure Attorney **Fees** incurred associated with the most recent liquidation action. Subject to maximum fees per State.
92	Actual Foreclosure Attorney **Costs** incurred associated with the most recent liquidation action. *Note: The Agency will not reimburse attorney fees or costs (Row 91 and 92) incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.*
93	Actual Eviction Expenses incurred.
94	Actual Bankruptcy Attorney **Fees** incurred associated with the most recent liquidation action. Subject to maximum fees per State.
95	Actual Bankruptcy Attorney **Costs** incurred associated with the most recent liquidation action. *Note: The Agency will not reimburse attorney fees or costs incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.*
96	Amount of *written* property inspections performed by a property preservation company or licensed inspector (such as a termite and dry rot company). Inspections performed by realtors or in house employees are not reimbursed.
97	Amount of Actual Utility Costs (i.e., electric, gas, water)
98	Property Preservation Costs. Enter **one-time costs** associated with securing and preserving the property (i.e., lock changes, debris removal, winterization).
99	Property Maintenance Costs that cover **recurring fees** (i.e., yard maintenance, snow removal).
100	Pre-authorized Repairs (i.e., cosmetic and structural repairs with prior **approval by Rural Development**).
101	Sales Expenses. Enter the amount of seller paid closing costs deducted from contract sales price found on the HUD-1**. Lenders are to deduct any credits from the HUD-1 against actual sales expenses for taxes or ineligible expenses such as outsourced REO management fees.**
102	Appraisal or Broker Price Opinion (BPO). Enter the cost of property valuations.
103	Amount of any other miscellaneous expenses actually incurred but not categorized in Rows 91-102. An example of a miscellaneous expense could be a pre-foreclosure BPO for foreclosure bid.
104*	* Total of all expenses associated with liquidation and REO disposition - *automated field* *

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Loss Claim Input Worksheet (Continued)

Part V   Buydown

Field	*Enter/Input*
108	Buydown Balance Remaining in Escrow, if applicable.

Part VI   Estimated Net Recovery (ENR) Calculation for Unsold REO

Complete this section **only** if the property was not sold and is in the lender's REO inventory at the time of the Estimated Net Recovery (ENR) claim. ENR claims are paid based upon a liquidation value appraisal. Lenders must request a liquidation value appraisal from the Agency. The Agency will provide the value to the lender upon receipt of an Appraisal Report.

> * **Note**: Fields with an asterisk (*) are system calculated and do not require user input.

Field	*Enter/Input*
112	Appraised Value (Based upon a liquidation value appraisal from the Agency and communicated to the lender)
113	Acquisition Management, Resale Factor (See "*RD Instruction 1980-D, Exhibit D*")
114*	* Appraised Value 'X' Factor

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Loss Claim Input Worksheet (Continued)

Printing and Submitting the Loss Claim Input Worksheet

Submit the completed _GRH Loss Claim Input Worksheet_ and the _Additional Bankruptcy Worksheet_, if applicable, along with the completed, signed; Form RD 1980-20 and any required supporting documentation to the Agency_._

Printing the GRH Loss Claim Forms:
⟹ "Print" buttons are located in Row 116 and you should click on one of the following:
  ➢ _Print GRH Loss Claim Input Worksheet_
  ➢ _Print GRH Loss Claim Input Worksheet_ and _Additional Bankruptcy Worksheet_
⟹ Click on the worksheet tab, _Automated Form RD 1980-20,_ and print.
⟹ Click on the worksheet tab, _GRH Loss Claim Checklist_, and print.

Lenders Submit the GRH Loss Claim Input Worksheet:
Send the completed _GRH Loss Claim Input Worksheet (_and _Bankruptcy Worksheet_, if applicable_)_ and an original, completed and **signed** Form RD 1980-20, with all items (as listed on the _GRH Loss Claim Checklist_) and any other required supporting documentation to the appropriate Rural Development office. If you need blank _GRH Loss Claim Worksheets_ and Forms RD 1980-20, for manual completion by your staff, click on the worksheets _GRH Loss Claim Manual Input Worksheet_ and _Manual Form RD 1980-20_ respectively, and print.

> **Note**: Electronic submissions - to facilitate Rural Development claim review, lenders are encouraged to submit a digital copy of the file by email or diskette, as well as the hard copy documentation. The electronic file can also be saved for reporting the sale of REO that remained unsold at time of claim payment and any future recovery needs.

Agency Steps:
⟹ Review the loss claim request and supporting documentation submitted by the lender. Validate data submitted.
⟹ Obtain the signature of the Rural Development Approval Official on the completed Form RD 1980-20.
⟹ Enter the loss claim into the automated Guaranteed Loan System (GLS) Loss Claim Add/Update section.
⟹ Notify the lender of their processed claim by letter. Communicate any adjustments verbally
⟹ Provide appropriate appeal rights for any adjustments, reductions, or denials with specific reasons and clear explanation for your decision.

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FUTURE RECOVERY CALCULATOR

The *Future Recovery Calculator* worksheet located within the file **RD Loss V3.0.XLT**, is used to report the following:

A.   To report the sale of REO for loss claims paid on an Estimated Net Recovery (ENR) claim. This function is now required on all REO sales and is to be reported to Rural Development within 30 days of the settlement date.

B.   Calculate the amount a lender is required to pay the Agency when a lender recovers funds after a loss claim is paid. When the loss claim is calculated for unsold REO (ENR claim), it is based on an estimated sales price established by a third party "liquidation" value appraisal of the property. If the property actually sells at a higher price, the difference must be reported to the Agency as a future recovery.   If the property sells for a lower price, the Agency does not reimburse the lender for additional loss.

C.   To report the receipt of other recovery collected by the lender, after claim payment, such as a delayed insurance payment, a collection a deficiency judgment, or other similar payments.

The *Future Recovery Calculator* takes into account the relative percentage of loss borne by the Agency and the lender based on the original claim, and calculates the amount of the recovery owed to the Agency.

When using the *Future Recovery Calculator*, the user should have a copy of the **Advice of Payment/Notice of Termination** on which the original loss claim payment was based. A copy of the final claim in which payment was based and Form 1980-20 would also be sufficient. In addition the user must have the Settlement Statement or other legal means of confirming the contract sales price of the REO.

Rural Development field staff and lenders can use the *Future Recovery Calculator* to report the sale of the REO based upon an ENR claim, calculate future recovery owed the Agency and report the receipt of other recovery after claim payment. Lenders should complete the worksheet and submit a copy of the worksheet along with a copy of the HUD-1 or similar document confirming the contract sales price of the REO to the Agency for review. Following the review, if future recovery is due, the lender should send a copy of the worksheet along with a check, in the indicated amount, to the appropriate Rural Development office within 30 days of notification by the Agency.

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FUTURE RECOVERY CALCULATOR **(Continued)**

Starting Point

File Name: *RD Loss v3.0.XLT* (Microsoft Excel Template)
Worksheet Name: *Future Recovery Calculator*

Open the file **RD Loss v3.0.XLT** and click on the *Future Recovery Calculator* tab. Use the **Field** locations (row numbers) below, which refer to the location in the spreadsheet that corresponds to the information that the user should enter, when applicable. References to Report of Loss, Form RD 1980-20 refer to the form on which the original loss claim payment was based.
> * **Note**: Fields with an asterisk (*) are system calculated and do not require user input.

Field	*Enter/Input*
1	Borrower's full name
2	Borrower's Social Security Number
3	Lender's loan number for this borrower
4	Lender's Tax ID number (9-digit number without the leading zero, i.e. 123456789)
5	Lender's Name from Item 9 of Form RD 1980-20
6	Date of original loss claim from Item 2 of Form RD 1980-20
8	Net Loss Amount from the **Advice of Payment/Notice of Termination**.
9	Primary Loss Amount Paid Lender from the **Advice of Payment/Notice of Termination**.
10	Original loan amount from Item 27 of Form RD 1980-20
11	Liquidation appraised value of the property from Item 23 of Form RD 1980-20
12	Amount for which the REO property was sold to third party. Contract price from HUD-1.
13*	*Difference between Appraised Value and Amount Sold to 3rd Party
14	*This row includes instructions for rows 15 and 16: "Either the actual percentage or the dollar amount of REO Sales Commission should be entered."*
15	Actual percentage rate of Commission for REO Sale - Enter the actual Commission percentage rate charged to sell the REO, OR
16	Actual dollar amount of real estate Commission for REO Sale - Enter the actual Commission charged to sell the REO
18*	*Allowance for Additional Commission - Commission is based on the difference between the Liquidation Appraised Value and the Actual Sales Price. (If a commission is entered that exceeds 6%, the amount shown will be capped at 6%)
19	Cost of any capital improvement expenses the lender incurred that directly resulted in an increase in the sales price of the REO property. This **does not include** additional interest, taxes, insurance, closing fees, appraisals, inspections, winterization, lawn care, pest inspections, etc. These expenses were already considered in the original loss claim by utilizing the Acquisition/Management Factor. If you have any questions on what can be included as capital improvement, please contact the Agency.
20	Amount of Rural Development <u>approved</u> seller concessions paid from the sale proceeds above what is reasonable and customary for the area, which directly resulted in an increased sales price.
21*	*Adjusted sales price
22*	*Net difference between the Liquidation Appraised Value and the Actual Sales Price to 3rd Party

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FUTURE RECOVERY CALCULATOR (Continued)

Field	*Enter/Input*
23	Other Recovery Amount collected by the lender **not** included in the original loss claim and **not** previously reported to Rural Development.
24	Sum of any previously reported recovery and **not** included in original claim submission.
25	Sum of **previously paid** recovery to Rural Development. This amount may be equal to or less than the amount indicated on Row 24. .
26*	* 35% of Original Loan Amount
27*	* Total Amount of Loss > 35% of Loan Amount
28*	* Total Amount of Recovery
29-30	*These rows indicate that rows 31-32 provide the Allocation of Recovery, split between Rural Development and the Lender.*
31*	* RD's 85% of amount of Recovered Loss >35% of the Loan Amount
32*	* Lender's 15% portion of Loss >35% of the Loan Amount
33	*This row highlights that rows 34-37 provide a Summary of Total Recovery Owed to Rural Development.*
34*	* RD's 100% of the difference between the Total Recovery and the Loss over 35%
35*	* RD's 85% of Split
36*	* Subtract amount of previous recovery payments made to Rural Development
37*	* Amount Lender to Pay Rural Development (the maximum is capped at Total Loss)

Note: The amount the lender must remit to the Agency is on Row 37, "AMOUNT LENDER TO PAY Rural Development." This amount is capped at the total loss paid to the lender by RD and by the Total Amount of Recovery.

Lenders must submit a copy of the HUD-1 (or similar document) for the sale of the property and any other required documentation along with a printed copy of the *Future Recovery Calculator* within 30 days of the settlement date of the REO. Any future recovery due the Agency is due within 30 days of notification by Rural Development.

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ADDITIONAL RECOVERY CALCULATOR (Post Sale)

The _Additional Recovery Calculator (Post Sale)_ worksheet located within the file **RD Loss V3.0.XLT**, is used to report additional recovery not previously reported with the loss claim payment or during the report of future recovery upon the sale of the REO. An example is a delayed payment received as an insurance refund, collection of a deficiency judgment or similar payments.

When using the _Additional Recovery Calculator (Post Sale)_, the user should have a copy of the **Advice of Payment/Notice of Termination** on which the original loss claim payment was based or a copy of the final claim in which payment was based and Form 1980-20. If any future recovery or previously paid other recovery was paid, prior to this submittal, the user must also have information on those payments available.

Starting Point

File Name: _RD Loss v3.0.XLT_ (Microsoft Excel Template)
Worksheet Name: _Additional Recovery Calculator (Post Sale)_

Open the file **_RD Loss v3.0.XLT_** and click on the _Additional Recovery Calculator (Post Sale)_ tab. Use the **Field** locations (row numbers) below, which refer to the location in the spreadsheet that corresponds to the information that the user should enter, when applicable. References to Report of Loss, Form RD 1980-20 refer to the form on which the original loss claim payment was based.
　　　　* **Note**: Fields with an asterisk (*) are system calculated and do not require user input.

Field	_Enter/Input_
_1_	Instruction on when this calculator applies to recovery collected/reported.
_2_	Borrower's full name
_3_	Borrower's Social Security Number
_4_	Lender's loan number for this borrower
_5_	Lender's Tax ID number (9-digit number without the leading zero, i.e. 123456789)
_6_	Lender's Name from Item 9 of Form RD 1980-20
_7_	Date of original loss claim from Item 2 of Form RD 1980-20
_8_	Directional Statement to utilize "User Guide"
_9_	Net loss amount from the GLS Payment Information Section of View/Update screen or the **Advice of Payment/Notice of Termination**
_10_	Loss amount paid to lender from GLS Computed Loss Info Section/View/Update screen or the **Advice of Payment/Notice of Termination**
_11_	Original loan amount from item 27 of Form RD 1980-20
_12_	Additional recovery amount after the sale of REO and after payment of Future Recovery resulting in sale of REO

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ADDITIONAL RECOVERY CALCULATOR (Post Sale)
(Continued)

13	The total amount of recovery previously reported including the initial recovery (line 28, "Total Amount of Recovery" from the *Future Recovery Calculator* plus all additional recoveries.
14	The total amount of recovery actually paid or should have been paid to Rural Development.
15	*35% of Original Loan Amount
16	*Total amount of Loss> 35% of Loan Amount
17	*Remaining Loss > 35% of Loan
18	*Total remaining loss
19	*Amount of Recovery over Remaining Loss > 35% of Loan Amount
20	*Amount of Recovery applied Toward loss < 35% of Loan Amount
21	*Total Cumulative Amount of Recovery including previously paid and current recovery amounts
22	This row when combined with 23 provides the *Allocation of Current Amount of Recovery, split between Rural Development and the Lender*.
23	This row when combined with 22 provides the *Allocation of Current Amount of Recovery, split between Rural Development and the Lender*.
24	*Rural Development's 85% of Amount of Recovered Loss > 35% of the Loan Amount
25	*Lender's 15% Portion of Loss > 35% of Loan Amount
26	*This row highlights that rows 27-28 provide a Summary of Total owed to Rural Development*
27	*Rural Development's 100% of the Recovery that is Applied toward Loss <35% of Loan Amount
28	*Rural Development's 85% split
29	*Amount Lender to Pay Rural Development (the maximum is capped at Total Loss)

NOTE: The amount the lender must remit to the Agency is on Row 29, "Amount Lender to Pay Rural Development." This amount is capped at the total loss paid to the lender by Rural Development and by the Total Amount of Recovery.

Lenders must submit documentation supporting the other recovery along with a printed copy of the Additional Recovery Calculator (Post Sale) to Rural Development.

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RECOVERY CALCULATORS (Continued)

Printing and Mailing the Future Recovery Calculator or Additional Recovery Calculator (Post Sale)

Printing the Future Recovery Calculator:
⇒ Click on one of the following:
  ➢ *Future Recovery Calculator* tab or the *Additional Recovery* tab in the worksheet
⇒ Click on the print tool button.

Lenders Submit the following to the appropriate Rural Development Office who completed the original loss claim:
⇒ A copy of the completed *Future Recovery Calculator* or *Additional Recovery Calculator* worksheet.
⇒ A copy of the Advice of Payment/Notice of Termination outlining the initial loss claim payment.
⇒ If reporting a sale of REO, a copy of the HUD-1 or similar documentation confirming the contract sales price of the REO. (**Note: Report is due for all claims paid based upon an estimated sale price, within 30 days of the settlement date.).** When reporting additional recovery (post sale), include documentation confirming the amount of recovery collected, such as an insurance notification, etc.

Recovery Due (Future Recovery or Additional Recovery), Lenders Submit the following additional items to the appropriate Rural Development Office who completed the original loss claim:
⇒ A copy of Form RD 1980-20, with Items 1-9, Item 29, and Item 42 completed. Item 1 should be coded as a "4" to indicate a recovery.
⇒ A copy of the Advice of Payment/Notice of Termination outlining the initial loss claim payment. Include information on previously paid future or other recovery also.
⇒ A check, payable to Rural Development, in the amount specified on Row 34 of the *Future Recovery Calculator Worksheet* or Row 28 on the *Additional Recovery (Post Sale) Worksheet.*

Agency Steps:
⇒ Review the *Future Recovery Calculator* or *Additional Recovery Calculator* (as applicable) and supporting documentation submitted by the lender. Validate data submitted.
⇒ When recovery is due (future recovery or recovery post sale), obtain the signature of the Rural Development approval official on the completed Form RD 1980-20.
⇒ Enter the loss claim into the automated Guaranteed Loan System (GLS) *Loss Claim Administration* menu in the *Add Recovery Calculator* section.
⇒ When recovery is due, notify the lender of the amount due by letter. Communicate any adjustments verbally prior to sending a letter. Request payment within 30 days.
⇒ Provide appropriate appeal rights for any adjustments, reductions, or denials, if applicable, with specific reasons and clear explanation for your decision.
⇒ When recovery funds are received, mail the completed *Future Recovery Calculator Worksheet* or *Additional Recovery (Post Sale) Worksheet* and the Form RD 1980-20, with **Items 1-9**, **Item 29**, and **Item 42** completed (**Code Item 1** as a "**4**" for **Recovery**) to the Finance Office, Office of the Deputy Chief Financial Officer, Attention: FC-350, GLB, PO Box 200011, St. Louis, Missouri 63120-0011.
⇒ Process the lender's check on Form RD 451-2, *Schedule of Remittances*, as a **miscellaneous collection code "34."**

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If you have any questions, please contact Susanne Wilson or Debbie Terrell in the Single Family Housing Guaranteed Loan Division.

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